



Education

Assisting members and partners
to achieve high quality lifelong
learning for all that contributes
to personal development,
sustainable economic growth
and social cohesion.



Meeting of OECD Education Ministers

Higher Education: Quality, Equity and Efficiency

27-28 June 2006 / Athens

[Θέματα προς Συζήτηση]

Issues for Discussion



Hellenic Ministry of National Education
and Religious Affairs



Education

[Introduction

In recent decades, higher education has grown and diversified in all OECD countries. Governments are among the major players in the sector, particularly in centralized higher education systems, but they are not the only ones. Quasi-governmental or independent quality assurance bodies, public and private institutional providers, employers, and students and their families play significant and sometimes determining roles. There is competition among established and emerging providers, while learners (and their families and employers) have become more sophisticated and demanding. Fiscal pressures continue. The international nature of the market is becoming more evident.

In recent decades, higher education has grown and diversified in all OECD countries. Institutions, systems and stakeholders must seek to ensure that quality, equity and efficiency characterise all aspects of higher education.

We know that investment in higher education and research has a positive effect on economic growth and regional competitiveness, as well as on individual employment prospects and well-being. The stakes are high and political and media interest is strong. Stakeholders, including governments, are becoming more demanding of evidence of the impact and relevance of the work of the higher education sector, regionally, nationally and globally. Consumer perceptions, influenced by national and international rankings, are having a significant impact on student choices and institutional behaviour.

In this context, higher education systems must address broad objectives of growth, full employment and social cohesion, within governance frameworks which encourage institutions, individually and collectively, to fulfil multiple missions. Institutions, systems and stakeholders must seek to ensure that quality, equity and efficiency characterise all aspects of higher education.

This meeting of the OECD Education Committee at Ministerial level is the first to focus specifically on higher education. A Forum on the Future of Higher Education will look at the changing demographic, technological and socio-economic context within which higher education systems and institutions operate. The meeting will include consultations with the Business and Industry Advisory Committee to the OECD (BIAC) and the Trade Union Advisory Committee to the OECD (TUAC).

The following pages outline some of these developments and ask to what extent they are in the best interests of society in the twenty-first century. They include a set of questions which are intended to help participants determine what actions they, as Ministers responsible for higher education and research, can take to maximise the public good, and how the OECD might help.

[Forum

The Future of Higher Education

The Forum will take a long-term view: change in education does not often occur quickly, yet developments in society and economy are moving ever more rapidly, narrowing the room for manoeuvre of the different players. Four forces for change stand out in terms of their impact on higher education in the coming decades: technology, globalisation, demography and new approaches to governance.

Technology

The continuous development of information and communications technologies is one of the drivers of the knowledge economy. Technology continues to gain ground in higher education and has already enhanced the on-campus student experience, through student portals, Internet access, digital libraries, and the availability of laptops, handhelds and other portable devices. E-learning is becoming part of the mainstream of educational programmes. Digital technologies have also dramatically changed academic research, thanks to rapid acceleration of computer and network performance, which has allowed researchers to access and manipulate massive data-sets, to simulate, model and visualise more complex systems, and to strengthen international communication and collaboration in research.

However these technologies have not revolutionised teaching and access to higher education as thoroughly as was predicted by some, and their past influence and future promises now tend to be considered more cautiously. Like other innovations, e-learning might, however, live up to its potential in the future and enable new ways of teaching, learning and interacting. Student expectations will be an important factor. Many of those who will enter higher education in ten years time will never have known a time when they did not have access to the Internet for learning and games. E-learning technologies set important challenges, primarily financial, technical and qualitative. But their versatility, flexibility and the possibilities they offer to expand access, convenience and personalisation open avenues that still need to be explored.

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Globalisation

The internationalisation of higher education is a double-edged phenomenon, which has induced both growing collaboration and growing competition between countries and among institutional providers. Cross-border higher education has grown significantly over the past decades, and growth is expected to continue. This growth has been driven by several inter-linked forces: greater mobility of skilled workers in an increasingly knowledge-based economy; the drive to develop export industries and expand international collaboration in higher education; the need to build a more educated workforce in sending countries, where study options may be limited; the desire of students and academics to have international experience and promote mutual understanding; and the fall in the cost of transport and communications. This growth has, in turn, fuelled increased competition between countries and higher education institutions for students and academics.

At the same time, domestic higher education systems increasingly face international pressures and competition, under voluntary harmonisation agendas (e.g. the Bologna process in Europe, which has led to similar initiatives at a smaller scale in Latin America and Asia); under the pressures of international comparison, manifested by quality labels, ranking efforts and consumer choice; or due to the increasing frequency of partnerships and recognition agreements. Like the older established research universities, higher education institutions of all types increasingly see themselves as actors in a global market, not restricted to a domestic role or agenda.

Demography

As OECD societies age, and in some cases shrink, countries are becoming increasingly concerned about the impact of demographic factors in higher education. Reductions in the traditional 18-25 year-old student age group will affect institutions in a number of OECD countries. This decline may be offset by increased participation rates, the flow of foreign students (the numbers of young people are rising in many non-OECD countries where demand for education is not fully satisfied) and by the increasing tendency of older adults to enter or return to education and the provision of programs for them. With few exceptions, higher education systems have been slow to adjust to the needs of lifelong learners for shorter courses, more flexible delivery, recognition of prior learning and tailor-made programmes. Longer working lives with more career changes, and the possible growing enrolment of retired people in higher education, might indeed be a transformative force in the medium run.

Changing governance

New approaches to governance in OECD countries combine the authority of the state and the power of markets in new ways. There is a strong demand for better public management. Accountability, transparency, efficiency and effectiveness, responsiveness and forward vision are now considered as the principal components of good public governance, which higher education institutions are and will increasingly be asked to implement. The shift towards more autonomy and entrepreneurship is widespread and institutions with very different profiles are increasingly able to compete with one another both within countries and across borders. These developments are set in a context of debate about national budget priorities; the efficiency of resource use; the organization of higher education and private provision of higher education; and how costs should be shared among different groups in the society (taxpayers, students and families, companies). Institutions are increasingly freer to develop their own strategies and determine their own priorities. Governments and other policy makers have to combine the encouragement of efficiency and excellence with the promotion of equity.

As OECD societies age, and in some cases shrink, countries are becoming increasingly concerned about the impact of demographic factors in higher education.

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- [Will new technologies transform old ways of teaching, learning, and researching in higher education and will they broaden access to and reduce the cost of tertiary education?
 - [How is the cross-border mobility of students, academics, educational programmes and institutions changing the higher education landscape and affecting country policies? And how will mounting international pressures and competition change systems domestically?
 - [How effectively are higher education institutions responding to demographic change, especially in providing lifelong learning to meet the challenge of ageing populations?
 - [Will higher education institutions become more clearly demand-driven, leading to changes in internal management and teaching practices, and would such changes create a shift in higher education's core missions?

[Plenary 1

The purposes, governance and sustainable provision of higher education

The purposes and governance of higher education

Forty-five years ago, when the OECD was founded, higher education was not a leading concern of most member governments. Higher education, which was typically synonymous with university education, was not seen to be central to the well-being of most citizens or to the fortunes of national economies. Rather, it was a means of training members of learned professions, scholars, and civil servants.

Transformations in the purpose and scope of higher education have taken place in recent decades. Public officials throughout OECD member nations have come to hold ambitious goals for higher education, viewing it both as a means to foster economic growth – through its capacity to create a highly skilled workforce and research that underpins a knowledge-based economy – and as a principal instrument for the fostering of social cohesion, widely dispersing the benefits of economic growth. Higher education has expanded in many OECD member nations to encompass half or more of all young adults. And it has simultaneously become much more diverse in its providers, in its learners, in the range of skills and training it provides, and in connections to the commercial life of knowledge-based economies.

In response to this expansion of the scope and purposes of higher education, many governments have made fundamental changes to the organisation of higher education systems, and to the means by which they exercise authority over higher education institutions. Faced with the growing diversity of students and institutional missions, some governments have responded by creating newer more vocationally-oriented non-university institutions, assigning to them a leading role in the training of a skilled workforce, as with the Polytechnics in Finland and the Universities of Applied Sciences in Switzerland. Elsewhere, as in the United States and Japan, higher education systems are highly differentiated and policies have encouraged the development of competition among institutions that vary in mission, reputation, price, and ownership.

Faced with expansion, differentiation and the widening influence of international competition in higher education, policy makers are reassessing how best to align the activities of higher education institutions to national purposes. Many countries, such as Japan, have chosen to devise new structures of governance, permitting higher education institutions to exercise wider autonomy over their own finances and management. Other countries, such as New Zealand, where previously systems developed rather independently of educational authorities, have opted to make institutions more accountable for the accomplishment of public purposes through the control of their performance or outputs, and the establishment of performance reporting, performance contracts or similar tools of governance.

OECD member nations have come to hold ambitious goals for higher education, viewing it both as a means to foster economic growth and as a principal instrument for the fostering of social cohesion.

Ensuring the long-term sustainability and accessibility of the higher education sector

High levels of higher education qualifications are widely acknowledged to be associated with higher levels of productivity, output growth and standards of living. Even so, investment in higher education varies widely across OECD member nations, owing to long-standing differences in political convictions, social traditions and fiscal capacities.

All nations face the challenges of mobilising more resources and using them effectively in meeting the strategic goals of society with maximum efficiency. Publicly-subsidised higher education is heavily reliant on tax revenues at a time when there are growing pressures to contain public spending. Other priorities, such as increasing spending on pensions or medical care, or combating social exclusion, also impose pressure on the public education budget. In addition, within education budgets, the higher education sector competes with primary and secondary education, early childhood education and care, and continuing education.

The pressure to at least maintain – and preferably improve – funding and income levels has evoked a debate on alternative sources of revenue, and it has focused attention on individual contributions to educational costs and the capacity of institutions to earn income. Some countries have introduced tuition fees, for at least some students. Others have enacted reforms to permit more institutional latitude over income, including investments. This debate, which is the subject of Theme A, has to be seen in the larger context of discussion of the overall approach to financing the different strands of publicly-subsidised educational systems. Not only is lifelong learning calling for the shifting of financial resources across educational sectors/strands, but it is arguable that inconsistencies in charging policies remain visible in some countries (for example the existence of fees for early childhood education and care and for adult education but not for higher education).

Countries also struggle to ensure an equitable provision of higher education. Access to and completion of higher education typically varies widely, most importantly by social background, minority or immigrant status, or disability. Policy responses include financial aid schemes; career guidance and counselling services which aim to alert youth to the benefits of higher education; institutional funding methodologies that provide added financing for the support of students from disadvantaged backgrounds; non-discrimination policies requiring provision to be physically, pedagogically and socially accessible to students with disabilities; and initiatives to make higher education better adapted to the needs of non-traditional students, such as the recognition of non-formal and informal learning alongside formal qualifications. These approaches also stress that higher education needs to be seen as part of an interdependent system of education and training with an effective connection to secondary education.

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- [How can countries develop and operate systems of higher education which align the goals of higher education institutions with public objectives?
 - [What approaches will ensure the quality and accessibility of higher education systems in the face of competing spending priorities?
 - [What can be learned from the experiences of countries which vary greatly in the proportion of national wealth they devote to higher education?

[Theme A

Who should pay for higher education?

The growth in higher education participation has intensified debate over who should pay for it and how. Beneath those questions lie a number of related issues.

Higher education institutions have benefited from high levels of public and private financing. Public authorities provide the bulk – 80 % or more – of expenditure on educational institutions in half of all OECD countries; but in four countries (Australia, Japan, Korea and the United States), public authorities pay less than half. As higher education participation and total outlays rise, the sustainability of a heavily publicly subsidised model of finance is coming under pressure. In more than two-thirds of the countries for which data are available, increased participation was possible because growth in the private share of expenditure outpaced growth in public expenditure. In four out of the five countries in which the public share of expenditure increased, the increases were manageable only because growth in overall enrolments was so low. The financial pressure on public spending due to rising participation in tertiary education will increase unless individuals finance a larger share of costs or overall costs are reduced, through reductions in total numbers of students linked to population decreases, and/or through improved efficiency of provision.

There are economic incentives for individuals to contribute more to the cost of higher education. A large and growing body of international evidence suggests that individuals who acquire higher education qualifications enjoy substantial private benefits. Adults with higher education, on average, earn a third to three-quarters more than persons with just an upper secondary education, are a third less likely to be unemployed, and four-fifths more likely to participate in formal or non-formal education and training. Such private benefits are over and above the benefits accruing to society in the form of higher tax revenues, lower incidence of economic dependency, and enhanced capacity for innovation. Nevertheless, the pursuit of higher education studies is not a proposition without risk – an appreciable number of graduates earn returns considerably below the average return. The research function of higher education institutions is intermingled with the research and development activity of industry and of government, and industry is both a beneficiary of the educational and research activities of higher education as well as a source of income.

Although there are valid efficiency arguments for diversifying higher education financing by increasing the non-public share of costs, there is concern that an increased private share could have adverse consequences for equity. Historically, participation in higher education has been strongly correlated with family socio-economic status and the educational attainment of parents. Recent expansion of access to higher education has done little to alter this pattern, tending to benefit the least advantaged socio-economic groups less than others. Moreover, in countries where higher education is heavily dependent on public finance, this inequity in access and participation carries the risk of adverse distributional consequences (the less well-off subsidising education for the elite) unless income tax systems are highly progressive. At the same time, the pattern of participation or non-participation appears unrelated to the presence or absence of tuition fees. This suggests that other factors (foregone earnings, cost of living during studies) as well as social factors play a role in influencing participation, and that a change in the proportion of public versus private funding will not itself produce inequity so long as adequate financing exists from whatever source and concerted efforts are made to make higher education more flexible and convenient, and thus more accessible.

The growth in higher education participation has intensified debate over who should pay for it and how.

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- [How can policy redress the mismatch between who benefits from and who pays for higher education?
 - [How important are the indirect costs of higher education (cost of living, foregone earnings) relative to direct costs (fees, books) as barriers to participation, particularly by students with lower socio-economic status, and how might the financial constraints facing prospective students be most equitably and effectively addressed?
 - [What are the advantages and disadvantages of shifting the limited public resources available for higher education away from institutions and towards individuals?

[Theme B

Measuring the quality and impact of higher education

Governments are obliged to justify the allocation of public resources and the effectiveness with which they are used. This focus on quality and effectiveness has reshaped the relationship between governments, citizens, and providers of public services, including higher education institutions. In many OECD countries, concerns about quality have given rise in recent decades to national quality assurance systems, the primary focus of which is teaching. In parallel, governments have developed institutions for the award of research funding that emphasize the competitive allocation of funds based upon assessment of research quality, whether of programmes or individual project proposals.

The validity and legitimacy of judgements about quality – especially teaching quality – may be keenly contested. Higher education institutions, governments, and employers typically want different things from quality evaluations. Institutions typically seek localized and detailed information that can lead to improvements in teaching; governments want aggregated and comparable

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data about systems that enable them to make resource allocation decisions; employers want assurance that the graduates of higher education programs are well-prepared for working life. While these divergent orientations are not insuperable obstacles to the measurement of quality, they do make it difficult.

The focus of governments and higher education institutions differs in a second respect: governments are more often concerned with the outcomes that result from teaching and research, or their impact, whether measured as including student completion rates, graduate employment rates and earnings, or patents obtained. Thus, concerns about impact have fuelled a parallel development, in which the resource allocation mechanisms for funding higher education institutions have increasingly introduced outcome- or performance-related elements. Assessments of quality and impact – and the connection

to resource allocation – have advanced farthest in research, where criteria of quality, and methodologies and data to implement them are most widely agreed. They are rudimentary at best when it comes to the social, economic and cultural impact of institutions on their regions.

The growth of cross-border education has focussed attention on the international dimension. The guidelines developed by the OECD and UNESCO seek to address the consumer protection angle, but governments and legitimate cross-border providers also want to protect the 'brand image' of their higher education systems and services. A rogue provider can damage these reputations and exploit eager students, while overly strict barriers can deny students the benefit of program options that are locally unavailable, and create incentives for the emergence of unscrupulous providers.

Governments and higher education institutions do not have a monopoly on the measurement of quality or impact, nor are their concerns always identical to those of students and families. Thus, the expansion of governmental schemes for quality has been accompanied by the proliferation of non-governmental rankings or league tables, national and international, aimed at potential students. Typically constructed by news organisations, these rankings target students and families as consumers. While these league tables are often criticised for the selection and weighting of their quality criteria – or the appropriateness of ranking entire institutions rather than faculties or programmes – they nonetheless seem to be shaping the behaviour of institutions, much as international rankings of research institutions may be influencing debate and thinking within government. What is unclear is the extent to which rankings are shaping students' decisions, institutional strategies, and governmental and employer choices, and whether the changes they induce improve or diminish the quality, equity and efficiency of higher education systems.

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- [How – and by whom – should the quality and impact of teaching and research undertaken by higher education be assessed?
 - [Is enough being done to protect, inform and advise prospective students and other stakeholders?
 - [Are there ways that quality assessments can be improved, so that they better serve goals of efficiency, effectiveness, and quality – or the needs of a wider range of students, institutions and other stakeholders?

[Theme C

Higher education's contribution to research and innovation in a global knowledge economy

Higher education institutions make a major contribution to research and innovation by creating new knowledge through scientific and technological research and by training skilled workers through their educational mission. The contribution of higher education to innovation is larger today than in the past, as reflected in its increasing R&D expenditures, rising graduation rates, increased patenting and the growing number of references to scientific literature in patent applications. An effective interface between innovation and higher education systems is more necessary than ever to reap the benefits from public and private investments in research and to ensure the vitality and quality of the higher education system.

Changes in governance and funding structures can make higher education organisations more responsive to economic and societal needs. This could include changes in the mix of project funding and institutional block grants, selective increases of funding for research fields that are linked to social and economic needs, and new organisational structures that concentrate expertise and foster research at the nexus of several disciplines. It may also require a greater commitment to evaluating researchers and research organisations, as well as changes in the way such evaluations are conducted. Evaluation criteria may

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have to recognise that excellence has become, at least in some disciplines, more tied to economic and social applications. Such changes do not have to come at the expense of creativity and diversity in exploring the knowledge frontier. Indeed, securing support for fundamental research has become a priority for most governments. Safeguards can be put in place to ensure the broad diffusion of public knowledge and to ensure that the shift to more project-oriented funding does not undermine funding for the research infrastructure.

Measures may also be needed to improve the ability of higher education institutions and public and private research organisations to transfer knowledge and technology to the business sector. For example, public-private partnerships

can promote co-operation between government agencies, laboratories, universities and the private sector in undertaking joint research or in building knowledge infrastructures. Vocational and technical institutions can be especially effective at supporting small and medium-sized enterprises. All can fill gaps in science and innovation systems and increase the leverage of public support through cost and risk sharing.

As the cost and multidisciplinary nature of research at the scientific frontier increase, countries will also increasingly need to draw on ideas generated abroad. Policy can help increase foreign participation in national programmes, support international partnerships between universities, or engage in global public-private partnerships.

High-quality human resources are essential to the teaching, research and public service missions of higher education systems and the effectiveness of their contribution to research, innovation and growth. Attracting top talent requires good standards, fairness in hiring, good working conditions and good institutional leadership. In some countries, academic personnel are civil servants, but in many others they are either a separate category of professional or are direct employees of higher education institutions. In all cases, flexibility with regard to such issues as the ability to engage in outside consultation, intellectual property rights, working hours, parental leave and childcare can be helpful. Gender and minority inequities in faculty hiring need to be addressed. On the student side, more industry-oriented degrees as well as less narrowly focused programs help to make higher education more relevant to employers and enhance graduates' chances of both employment and success in modern workplaces.

Efforts may also be needed to promote the exchange of knowledge between the public and private sectors, through the movement of human resources, for example. Regulations on dual employment or restrictions on participation in entrepreneurial activities by public researchers are being removed in many OECD countries. Centres of excellence and fellowships are also being used to foster the mobility of researchers across research institutions and between them and firms.

Growth in OECD member economies requires much more than capital-intensive research that leads to patentable technologies; it also requires the development of well-trained professionals whose numbers and skills are adapted to the demands of local and regional economies, and the application of research-based knowledge in small and medium-sized enterprises. In many nations, the bulk of higher education institutions are engaged primarily in the application of knowledge rather than discovery. Nonetheless, few systems provide incentives or funding streams to reward and foster

this work. Considerable room for improvement exists in understanding the distinctive contribution that these institutions make to member economies – and in building upon this to create funding methodologies and performance measures that encourage responsiveness to and excellence in this mission, as distinct from that of the research-intensive university.

Few systems provide incentives or funding streams to reward and foster the application of research-based knowledge in SMEs.

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- [How can higher education systems contribute to success in a competitive, global, knowledge-based economy, and what policies will help optimise their role?
 - [What national policies are employed to foster international research excellence, and to what effect?
 - [How can governments and other stakeholders ensure that this research is relevant and applicable?
 - [How can governments encourage responsiveness to and excellence in the application of research-based knowledge, and in the practice-based training of professionals?

[Working lunch

Challenges and opportunities of the global market for education

Higher education has always had an international dimension: study abroad and academic exchange are established features of many systems. Learning knows no borders and the openness of scientific research makes it an intrinsically global activity which has been a major contributory factor to globalisation.

The promotion of higher education as an export industry is, however, a relatively recent phenomenon. The international higher education trade has been growing strongly and is now estimated to be worth some USD 40 billion. Education is the seventh largest export sector in Australia with a total value in 2005 of more than USD 5 billion.

The flows are not all one-way, but there are clear imbalances. It has been estimated that global demand for international student places in English-speaking destinations will more than double by 2020. Growth in masters programmes and in distance learning could be even stronger. East and South Asia are expected to account for the majority of new demand. Students from African countries with very low levels of higher education provision are not well placed to take advantage of opportunities to study in OECD countries.

The inclusion of education in the scope of international trade agreements has caused some concern amongst stakeholders. A number of international organisations of institutions have asked that governments and other competent authorities work together to serve the public interest and preserve higher education's ability to carry out its social and cultural mission. There is concern both about cultural diversity and national capacity, and the needs of individual students.

The voluntary *Guidelines for Quality Provision in Cross-border Higher Education* were jointly developed by UNESCO and the OECD to meet some of these concerns by providing an international framework that national authorities might use to protect students and other stakeholders from low-quality provision and disreputable providers. If the guidelines are to be effective, they need to be actively considered by higher education institutions and providers, and monitored by governments and regulators, as is appropriate within each national system.

OECD countries have a wealth of experience of policy development in higher education and of the need for appropriate governance structures. There is growing awareness of the complex impacts of brain-drain – and brain-gain – on developed and developing countries, but policy solutions are difficult to identify and put in place.

Learning knows no borders and the openness of scientific research has been a major contributory factor to globalisation. The promotion of higher education as an export industry is, however, a relatively recent phenomenon.

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- [What scope is there for capacity building through the sharing of good practice, the development of academic exchange and institutional links?
 - [Does more need to be done to protect and inform potential students?
 - [What can ministers responsible for higher education do to maximise the positive impact of global higher education in developing countries?

[Plenary 2

Improving the quality, relevance and impact of higher education

To what extent is higher education meeting the needs of 21st century societies?

In many ways, higher education systems appear to be successful in meeting 21st century social needs. Higher education provides new kinds of education and training to numbers of students unimaginable in decades past. Many have greatly increased the intensity of their research activities and made important contributions to public knowledge and innovation. In some nations, however, higher education research remains only weakly joined to broader public purposes, including the provision of education and training relevant to the demands of working life, and research activity that yields benefits for the development of a knowledge-based economy. Most conspicuous, perhaps, is the modest contribution of higher education to social cohesion. The expansion of higher education enrolments has failed to narrow wide disparities in the rates at which students from higher and lower income families enter – let alone complete – tertiary studies. Given the disproportionate take-up of additional study places by middle-income students, and a simultaneous increase in the returns to higher education, there is evidence that higher education has in some instances widened, rather than narrowed, social disparities.

Responsibility for some of these shortcomings may rest outside the higher education system itself, such as wide inequalities that are introduced during primary and secondary schooling, and clearly revealed in the findings of the OECD Programme on International Student Assessment (PISA). Nonetheless, the inability of higher education to meet other needs must be acknowledged to rest, in some instances, with higher education institutions themselves, or with public officials who bear responsibility for aligning their activities to national policy goals. Though higher education institutions often have much wider scope for autonomous action, many have shown a reluctance or inability to fully embrace its possibilities, particularly in the management of human resources. Elsewhere, authorities responsible for higher education have failed to recognise the needs for wider autonomy on the part of institutions, or how to effectively hold institutions accountable for their performance. Institutions may not be sufficiently attentive to the needs of non-traditional students not out of a wilful indifference to their needs, but because public authorities have failed to create proper incentives – or to limit the risks – of working with students whose schooling may be more costly to institutions, or more likely to result in longer study times and lower rates of completion.

At times, the varied demands that are brought to bear on systems of higher education may be difficult to reconcile. In many OECD member states, higher education institutions may be numerous, comparatively small, and widely dispersed, reflecting a longstanding public expectation that they should meet the needs of regions or reinvigorate communities throughout the nation. At the same time, though often from different quarters inside and outside of government, higher education systems are facing strong demands to combine the physical and human resources into larger entities so that these institutions can compete on a global basis for talented students and researchers, and large-scale investment in research.

Many governments have responded to the challenge of these competing and contradictory demands by embracing wider differentiation within systems of higher education. This embrace of differentiation may take the form of establishing formal systems of specialisation, in which institutions are legally distinguished by name, mission, and funding, or it may centre instead on the introduction of student selection, competitive research funding, and differential fees, which encourage substantial differentiation within systems that remain nominally unitary.

Is there a tension between global excellence and local relevance? If so, how can it be addressed?

[How can persistent inequality in higher education be better understood and addressed?

[How can diversity and differentiation among institutions be encouraged without creating rigid and unproductive hierarchies among them?

[How can the OECD help nations devise better ways to measure the quality, impact, and efficiency of higher education?